
AGENCY OVERVIEW
215 ND University System

Date: 12/23/2014
Time: 12:03:10

Statutory Authority

ND Constitution Article VIII, Section 6; North Dakota Century Code Chapter 15-10.

Agency Description

The North Dakota State Board of Higher Education (SBHE), established in 1939 by the voters of North Dakota, is the governing body for the state's 11 publicly funded institutions which comprise the North Dakota University System (NDUS). The SBHE carries out its constitutional responsibilities through a comprehensive set of policies. The Chancellor serves as the system's chief executive officer. The Chancellor and the system office staff support the SBHE in developing public policy for the NDUS, in advocating on its behalf, and fostering shared leadership throughout the system.

Agency Mission Statement

The mission of the North Dakota University System is to enhance the quality of life of all those we serve and the economic and social vitality of North Dakota through the discovery, sharing and application of knowledge. The Chancellor's Office supports the State Board of Higher Education in developing public policy for the governance of the North Dakota University System and in advocating on behalf of the System.

Agency Performance Measures

NDUS has published annual accountability measures reports, in response to the "flexibility with accountability" expectations of SB 2003 passed by the 2001 Legislative Assembly. Organized according to the five cornerstones of the Roundtable Report, which served as the basis for the Board's previous strategic plan, the report has evolved from a written annual report to an online report. A wrap-up report is being compiled in anticipation of the launch of the Board's 2015-2020 strategic plan. Future reporting on the new strategic plan and accountability is expected to not only be online but also in a contemporary, interactive format. The information may include information on graduation and retention rates, enrollment, peer comparisons, financial aid and tuition, degrees awarded and composite financial index information for the 11 campuses, although final measures have not yet been determined.

Major Accomplishments

1. Ranked #3 in the nation in higher education degree attainment. Out of 25-34 year olds in North Dakota, 50.0 percent have an associate degree or higher compared to the national average of 40.0 percent. This is an increase of 5.0 percent for ND since 2011. Out of all the students who start at a ND community college and wish to continue their education, 74.0 percent successfully transfer and complete their four year degree.
2. Developed a 2015-2020 strategic plan through a comprehensive process. The new plan includes innovative ideas about providing programs in new ways, student success, affordability, and collaboration across the system and with business.
3. Adopted new and enhanced programs to meet state workforce needs, such as the petroleum engineering program at UND, the partnership between NDSCS and RDO and Komatsu on diesel tech programs, and the collaboration between UND, NDSU, LRSC, State of North Dakota, Grand Forks Air Force Base, and city of Grand Forks as a test site for unmanned aerial systems, as well as the innovative diesel refinery operation training program developed at BSC.
4. Maintained affordability of public higher education in ND with 2013-14 tuition and required fees at four-year campuses that are 8-12.0 percent below those of regional counterparts. A four-year freeze in the tuition rates at ND's community colleges has significantly narrowed the gap between their rates and those of two-year regional peers, from 21.0 percent in 2008-09 to nearly 9.0 percent in 2013-14.
5. Completed a facility master plan that allows the Board to prioritize capital improvements and deferred maintenance investments; space utilization and facility inventory will be ongoing.
6. Worked closely with the DPI on core curriculum that aligns with what is necessary for high school students in grades 9-12 to be better prepared for college coursework.
7. Collaborated with colleges and universities to analyze best practices in student success, completion and affordability, including evaluating admissions standards, reviewing early intervention methods and developing consistent tuition models.
8. Launched first phase of NDUS intranet and document management system using SharePoint technology.
9. Revamped Project Vital Link, a major recruitment tool for high school students and an information center for counselors and parents, by changing it from a static online pdf to a mobile-friendly, interactive website enhanced with supplemental direct mail pieces.

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10. Completed construction of the new Information Technologies office building in October 2013. NDUS Core Technology Service staff along with many of the UND ITSS staff moved into the new building, bringing together over 100 staff members who had previously been located in seven different buildings across or adjacent to the UND campus. Also completed renovation of previously used space at UND for new data center.
11. Worked with ITD to implement threat prevention and detection services on the Internet links serving the NDUS.
12. Developed web-based budget module for the preparation of the annual budgets of all NDUS institutions.

Future Critical Issues

NDUS future critical issues include the following:

- Two crucial issues facing NDUS include the more than \$800.0 million in deferred maintenance needs among the 11 institutions, and the need to deliver an affordable education. Regionally-competitive tuition rates, affordable student housing, reduced student textbook costs, student loan forgiveness opportunities and increased merit and needs-based student aid are issues critical to the continued success of higher education in North Dakota and were part of the discussion in creation of the Board's 2015-2020 strategic plan. Related critical issues are:
 - Maintaining access for all students to sustain (and increase) North Dakota's high level of educational attainment;
 - Continuing to address the state's urgent and long-term workforce development and training needs at all levels;
 - Capacity to prepare an increased number of new health care professionals to meet projected state needs;
 - Projected retirements and the ability to attract, retain, and develop high quality faculty and staff;
 - Continued development of information technology capabilities to enhance student success and achieve greater efficiency as a system;
 - Addressing student preparation for college;
 - Continuing to demonstrate accountability; and
 - Continuing to demonstrate accountability.

CTS has identified several initiatives as critical issues to be dealt with in the next fiscal year and/or biennium. Identified items at this time include:

- Implementation of remaining State Board of Higher Education, Maximizing Results Through Efficiencies Initiatives:
 - Document Imaging
 - Unified Communications
 - Integrated Approach to Delivery of IT Services
- Identity Management (IdM) ramp up – CTS is currently using an interim IdM solution. A decision is to be made on a final product and implementation will follow.
- Security: Formation of an NDUS Security Team to refine and expand current security policies, procedures, and technical solutions.
- Increase security for all NDUS applications.
- Endpoint Management – A task force has been created to provide recommendations on how best to proceed with technology that manages and secures user's hardware and associated software and data used within the enterprise regardless of the network attached to by a user.
- Microsoft Office 365 Student Consolidation – Students currently on Microsoft's Live@edu email offering will be migrated to the same platform as that of faculty and staff at institutions that have moved to the NDUS Microsoft Office 365 instance.
- Implement the Intranet for the university system.
- Application Integration – Increase the use of direct integration and web services for integration of critical applications — PeopleSoft, ImageNow, LMS's, etc., instead of using extracts. This will increase security by reducing/eliminating storing of flat files in servers.
- Electronic grants administration (grant proposals and submissions, along with effort reporting) and integration with PeopleSoft Financials and HCM.
- Absence Management: With the current paper method, it isn't always clear to employees that they need to request to use annual and other forms of leave. In some cases, the supervisor learns of a person taking annual leave after the fact, when either 1) the employee isn't at work, or 2) the employee submits a leave form for a previous day/week. This can result in staff shortages that negatively affect customer service.

REQUEST SUMMARY

215 ND University System

Biennium: 2015-2017

Bill#: HB1003

Date: 12/23/2014

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Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
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By Major Program

System Office and Board Operations	7,225,515	12,878,853	(350,750)	12,528,103	1,883,507
Student Grant Programs	38,040,292	48,713,940	3,137,605	51,851,545	0
System Grant Programs	8,810,254	44,684,074	(36,345,082)	8,338,992	39,050,320
System Projects	30,747,604	51,091,426	(2,232,782)	48,858,644	11,265,800
Total Major Program	84,823,665	157,368,293	(35,791,009)	121,577,284	52,199,627

By Line Item

Capital Assets	11,737,172	10,436,045	(2,067,209)	8,368,836	0
Deferred Maintenance Pool	0	0	0	0	20,000,000
Master Plan & Space Utilization Study	0	1,000,000	(1,000,000)	0	750,000
Student Financial Assistance Grants	20,097,526	22,394,300	574,379	22,968,679	0
Veterans Assistance Programs	0	325,000	0	325,000	0
ND Scholars Program	2,282,580	2,340,424	(226,840)	2,113,584	0
Title II Grants	960,254	1,006,472	0	1,006,472	0
Native American Scholarship	556,400	667,351	(18,084)	649,267	0
Core Technology Services	18,243,703	38,822,110	867,698	39,689,808	10,515,800
Education Challenge Fund	0	29,000,000	(29,000,000)	0	0
Education Incentive Programs	3,555,285	3,367,055	(18,055)	3,349,000	0
Tribal Community College Grants	1,000,000	1,000,000	0	1,000,000	0
Academic and Tech Ed. Scholarship	6,970,842	14,158,262	3,012,738	17,171,000	0
Student Exchange Program	3,577,659	4,461,548	(186,533)	4,275,015	0
Professional Liability Insurance	800,000	0	0	0	0
Two Year Campus Marketing	766,729	833,271	(33,271)	800,000	0
Performance Funding	0	5,000,000	(5,000,000)	0	0
Student Mental Health	0	282,520	0	282,520	77,480
Competitive Research Program	7,050,000	7,050,000	0	7,050,000	5,000,000
Biennium Carryover	297,848	212,351	(212,351)	0	0
System Governance	6,927,667	12,666,502	(138,399)	12,528,103	1,883,507
Capital Projects Contingency	0	2,345,082	(2,345,082)	0	0
Compensation Pool	0	0	0	0	12,620,000
Open Educational Resources Initiative	0	0	0	0	500,000
College and Career Readiness Initiative	0	0	0	0	752,840
Diversity Education Awareness	0	0	0	0	100,000
Total Line Items	84,823,665	157,368,293	(35,791,009)	121,577,284	52,199,627

By Funding Source

General Fund	82,307,226	155,068,381	(35,502,313)	119,566,068	52,199,627
Federal Funds	1,511,695	1,295,168	(288,696)	1,006,472	0
Special Funds	1,004,744	1,004,744	0	1,004,744	0

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Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
Total Funding Source	84,823,665	157,368,293	(35,791,009)	121,577,284	52,199,627
Total FTE	101.31	112.99	(1.00)	111.99	3.00

REQUEST DETAIL

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Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
Capital Assets					
Other Capital Payments	11,737,172	10,436,045	(2,067,209)	8,368,836	0
Total	11,737,172	10,436,045	(2,067,209)	8,368,836	0
Capital Assets					
General Fund	11,737,172	10,436,045	(2,067,209)	8,368,836	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	11,737,172	10,436,045	(2,067,209)	8,368,836	0
Deferred Maintenance Pool					
Extraordinary Repairs	0	0	0	0	20,000,000
Total	0	0	0	0	20,000,000
Deferred Maintenance Pool					
General Fund	0	0	0	0	20,000,000
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	0	0	0	0	20,000,000
Master Plan & Space Utilization Study					
Operating Fees and Services	0	1,000,000	(1,000,000)	0	750,000
Total	0	1,000,000	(1,000,000)	0	750,000
Master Plan & Space Utilization Study					
General Fund	0	1,000,000	(1,000,000)	0	750,000
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	0	1,000,000	(1,000,000)	0	750,000
Student Financial Assistance Grants					
Grants, Benefits & Claims	20,097,526	22,394,300	574,379	22,968,679	0
Total	20,097,526	22,394,300	574,379	22,968,679	0
Student Financial Assistance Grants					
General Fund	20,097,526	22,394,300	574,379	22,968,679	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0

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Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
Total	20,097,526	22,394,300	574,379	22,968,679	0
Veterans Assistance Programs					
Grants, Benefits & Claims	0	325,000	0	325,000	0
Total	0	325,000	0	325,000	0
Veterans Assistance Programs					
General Fund	0	325,000	0	325,000	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	0	325,000	0	325,000	0
ND Scholars Program					
Grants, Benefits & Claims	2,282,580	2,340,424	(226,840)	2,113,584	0
Total	2,282,580	2,340,424	(226,840)	2,113,584	0
ND Scholars Program					
General Fund	2,282,580	2,340,424	(226,840)	2,113,584	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	2,282,580	2,340,424	(226,840)	2,113,584	0
Title II Grants					
Grants, Benefits & Claims	960,254	1,006,472	0	1,006,472	0
Total	960,254	1,006,472	0	1,006,472	0
Title II Grants					
General Fund	0	0	0	0	0
Federal Funds	960,254	1,006,472	0	1,006,472	0
Special Funds	0	0	0	0	0
Total	960,254	1,006,472	0	1,006,472	0
Native American Scholarship					
Grants, Benefits & Claims	556,400	667,351	(18,084)	649,267	0
Total	556,400	667,351	(18,084)	649,267	0
Native American Scholarship					
General Fund	556,400	667,351	(18,084)	649,267	0

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Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	556,400	667,351	(18,084)	649,267	0
Core Technology Services					
Operating Fees and Services	18,243,703	38,822,110	867,698	39,689,808	10,515,800
Total	18,243,703	38,822,110	867,698	39,689,808	10,515,800
Core Technology Services					
General Fund	17,704,266	38,282,673	867,698	39,150,371	10,515,800
Federal Funds	0	0	0	0	0
Special Funds	539,437	539,437	0	539,437	0
Total	18,243,703	38,822,110	867,698	39,689,808	10,515,800
Education Challenge Fund					
Grants, Benefits & Claims	0	29,000,000	(29,000,000)	0	0
Total	0	29,000,000	(29,000,000)	0	0
Education Challenge Fund					
General Fund	0	29,000,000	(29,000,000)	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	0	29,000,000	(29,000,000)	0	0
Education Incentive Programs					
Grants, Benefits & Claims	3,555,285	3,367,055	(18,055)	3,349,000	0
Total	3,555,285	3,367,055	(18,055)	3,349,000	0
Education Incentive Programs					
General Fund	3,555,285	3,367,055	(18,055)	3,349,000	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	3,555,285	3,367,055	(18,055)	3,349,000	0
Tribal Community College Grants					
Grants, Benefits & Claims	1,000,000	1,000,000	0	1,000,000	0
Total	1,000,000	1,000,000	0	1,000,000	0

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Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
Tribal Community College Grants					
General Fund	1,000,000	1,000,000	0	1,000,000	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	1,000,000	1,000,000	0	1,000,000	0
Academic and Tech Ed. Scholarship					
Grants, Benefits & Claims	6,970,842	14,158,262	3,012,738	17,171,000	0
Total	6,970,842	14,158,262	3,012,738	17,171,000	0
Academic and Tech Ed. Scholarship					
General Fund	6,970,842	14,158,262	3,012,738	17,171,000	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	6,970,842	14,158,262	3,012,738	17,171,000	0
Student Exchange Program					
Grants, Benefits & Claims	3,577,659	4,461,548	(186,533)	4,275,015	0
Total	3,577,659	4,461,548	(186,533)	4,275,015	0
Student Exchange Program					
General Fund	3,112,352	3,996,241	(186,533)	3,809,708	0
Federal Funds	0	0	0	0	0
Special Funds	465,307	465,307	0	465,307	0
Total	3,577,659	4,461,548	(186,533)	4,275,015	0
Professional Liability Insurance					
Operating Fees and Services	800,000	0	0	0	0
Total	800,000	0	0	0	0
Professional Liability Insurance					
General Fund	800,000	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	800,000	0	0	0	0
Two Year Campus Marketing					
Operating Fees and Services	766,729	833,271	(33,271)	800,000	0

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Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
Total	766,729	833,271	(33,271)	800,000	0
Two Year Campus Marketing					
General Fund	766,729	833,271	(33,271)	800,000	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	766,729	833,271	(33,271)	800,000	0
Performance Funding					
Operating Fees and Services	0	5,000,000	(5,000,000)	0	0
Total	0	5,000,000	(5,000,000)	0	0
Performance Funding					
General Fund	0	5,000,000	(5,000,000)	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	0	5,000,000	(5,000,000)	0	0
Student Mental Health					
Operating Fees and Services	0	282,520	0	282,520	77,480
Total	0	282,520	0	282,520	77,480
Student Mental Health					
General Fund	0	282,520	0	282,520	77,480
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	0	282,520	0	282,520	77,480
Competitive Research Program					
Grants, Benefits & Claims	7,050,000	7,050,000	0	7,050,000	5,000,000
Total	7,050,000	7,050,000	0	7,050,000	5,000,000
Competitive Research Program					
General Fund	7,050,000	7,050,000	0	7,050,000	5,000,000
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	7,050,000	7,050,000	0	7,050,000	5,000,000

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Biennium Carryover					
Operating Fees and Services	297,848	212,351	(212,351)	0	0
Total	297,848	212,351	(212,351)	0	0
Biennium Carryover					
General Fund	297,848	212,351	(212,351)	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	297,848	212,351	(212,351)	0	0
System Governance					
Operating Fees and Services	6,927,667	12,666,502	(138,399)	12,528,103	1,883,507
Total	6,927,667	12,666,502	(138,399)	12,528,103	1,883,507
System Governance					
General Fund	6,376,226	12,377,806	150,297	12,528,103	1,883,507
Federal Funds	551,441	288,696	(288,696)	0	0
Special Funds	0	0	0	0	0
Total	6,927,667	12,666,502	(138,399)	12,528,103	1,883,507
Capital Projects Contingency					
Other Capital Payments	0	2,345,082	(2,345,082)	0	0
Total	0	2,345,082	(2,345,082)	0	0
Capital Projects Contingency					
General Fund	0	2,345,082	(2,345,082)	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	0	2,345,082	(2,345,082)	0	0
Compensation Pool					
Operating Fees and Services	0	0	0	0	12,620,000
Total	0	0	0	0	12,620,000
Compensation Pool					
General Fund	0	0	0	0	12,620,000
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0

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Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
Total	0	0	0	0	12,620,000
Open Educational Resources Initiative					
Operating Fees and Services	0	0	0	0	500,000
Total	0	0	0	0	500,000
Open Educational Resources Initiative					
General Fund	0	0	0	0	500,000
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	0	0	0	0	500,000
College and Career Readiness Initiative					
Operating Fees and Services	0	0	0	0	752,840
Total	0	0	0	0	752,840
College and Career Readiness Initiative					
General Fund	0	0	0	0	752,840
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	0	0	0	0	752,840
Diversity Education Awareness					
Operating Fees and Services	0	0	0	0	100,000
Total	0	0	0	0	100,000
Diversity Education Awareness					
General Fund	0	0	0	0	100,000
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	0	0	0	0	100,000
Funding Sources					
General Fund	82,307,226	155,068,381	(35,502,313)	119,566,068	52,199,627
Federal Funds	1,511,695	1,295,168	(288,696)	1,006,472	0
Special Funds	1,004,744	1,004,744	0	1,004,744	0
Total Funding Sources	84,823,665	157,368,293	(35,791,009)	121,577,284	52,199,627

CHANGE PACKAGE SUMMARY215 ND University System
Biennium: 2015-2017

Bill#: HB1003

Date: 12/23/2014

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Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
<u>Base Budget Changes</u>						
One Time Budget Changes						
A-E 2 Remove Capital Projects Contingency Pool		0.00	(2,345,082)	0	0	(2,345,082)
A-E 4 Remove Other One Time Funding		0.00	(35,000,000)	0	0	(35,000,000)
A-E 6 Remove 2011-13 Carryover		0.00	(6,161,576)	0	0	(6,161,576)
Total One Time Budget Changes		0.00	(43,506,658)	0	0	(43,506,658)
Ongoing Budget Changes						
A-A 1 CTC and Operating Inflation		0.00	1,177,554	0	0	1,177,554
A-A 10 Capital Bond Payment Base		0.00	8,368,836	0	0	8,368,836
A-A 12 Student Financial Aid		0.00	8,894,000	0	0	8,894,000
A-A 20 2013-15 Adjusted FTE		112.99	0	0	0	0
A-A 4 State Approving Agency		(1.00)	0	(288,696)	0	(288,696)
A-F 1 Remove Funding Cap Bond Pmts		0.00	(10,436,045)	0	0	(10,436,045)
Base Payroll Change		(112.99)	0	0	0	0
Total Ongoing Budget Changes		(1.00)	8,004,345	(288,696)	0	7,715,649
Total Base Budget Changes		(1.00)	(35,502,313)	(288,696)	0	(35,791,009)

Optional Budget Changes**One Time Optional Changes**

A-D 1 Campus Security One-time	1	0.00	60,775	0	0	60,775
A-D 10 Core Technology Services One Time Requests	2	0.00	4,076,500	0	0	4,076,500
A-D 100 Compensation Pool	3	0.00	12,620,000	0	0	12,620,000
A-D 11 Deferred Maint, Space Utilization and Space Inv	4	0.00	750,000	0	0	750,000
A-D 6 Deferred Maintenance Pool	5	0.00	20,000,000	0	0	20,000,000
A-D 12 Open Educational Resources Initiative	6	0.00	500,000	0	0	500,000
Total One Time Optional Changes		0.00	38,007,275	0	0	38,007,275

Ongoing Optional Changes

A-C 10 Core Technology Services Base Requests	1	0.00	6,439,300	0	0	6,439,300
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CHANGE PACKAGE SUMMARY

215 ND University System

Biennium: 2015-2017

Bill#: HB1003

Date: 12/23/2014

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Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
A-C 11 EPSCoR	2	0.00	5,000,000	0	0	5,000,000
A-C 12 Student Mental Health Service Enhancement	3	0.00	77,480	0	0	77,480
A-C 13 Internal Audit	4	3.00	1,822,732	0	0	1,822,732
A-C 14 College-Career Readiness Initiative	5	0.00	752,840	0	0	752,840
A-C 15 Diversity Education and Awareness	6	0.00	100,000	0	0	100,000
Total Ongoing Optional Changes		3.00	14,192,352	0	0	14,192,352
Total Optional Budget Changes		3.00	52,199,627	0	0	52,199,627

BUDGET CHANGES NARRATIVE

215 ND University System

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Change Group: A	Change Type: A	Change No: 4	Priority:
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State Approving Agency

Eliminate federal fund appropriation authority and 1 FTE, for State Approving Agency, which is moving to the Department of Veteran Affairs.

Change Group: A	Change Type: A	Change No: 10	Priority:
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Capital Bond Payment Base

This request is based on estimates provided by the Industrial Commission. Bond payments for state general fund obligation bonds issued through the Industrial Commission are estimated at \$8,368,836 (all GF) for the 2015-17 biennium. This represents a GF decrease of \$2,067,209 from the 2013-15 biennial appropriation. The 2013-15 funding has been removed with change code AF1.

Change Group: A	Change Type: A	Change No: 12	Priority:
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Student Financial Aid

This request, totaling \$8,894,000, includes proposed funding increases for the **Academic and Career Technical Education Scholarships (\$7,171,000)** and **State Grant Program (\$1,723,000)**.

Academic and Career Technical Education Scholarships (ACA/CTE) – The \$7,171,000 includes 2 separate requested increases:

- \$3,294,000 - To maintain current ACA/CTE scholarships at \$1,500 per year, for 4 full classes for 4 years.
- \$3,877,000 – These additional funds would be used to increase the ACA/CTE scholarship from \$1,500 to \$2,500 per year for new students.

State Grant Program – Additional funds of \$1,723,000 would be used to increase the state grant annual maximum award by 4% per year, from \$1,650, which is the current statutory maximum. Increasing the award beyond the current level of \$1,650 will require legislative action. If approved, the maximum awards would be increased to \$1,716 in 2015-16 and \$1,784 in 2016-17.

Change Group: A	Change Type: A	Change No: 20	Priority:
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2013-15 Adjusted FTE

Per SB2003 (Section 36), "the state board of higher education may adjust full-time equivalent positions as needed, subject to the availability of funds, for institutions and entities under its control during the biennium beginning July 1, 2013, and ending June 30, 2015. The North Dakota university system shall report any adjustments to the office of management and budget before the submission of the 2015-17 biennium budget request." A report was run as of 4-30-2014 to determine the total estimated "appropriated fte" as of that date. Consistent with the methodology used in previous biennia, the current year's annual budgets were used to estimate the amount supported by general fund only, based on the percentage of budgeted general fund revenue to total appropriated revenue.

Change Group: A	Change Type: C	Change No: 10	Priority: 1
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Core Technology Services Base Requests

Core Technology Services (CTS) is requesting base increases, totaling **\$6,439,300**, for the following:

- **Expanded IT Security (In addition to one-time request in change code AD10)** - The NDUS is currently working with the State Auditors Office on a security assessment and with ITD on enhancing network intrusion detection. This request would provide funding to enhance network intrusion detection, and to follow up

BUDGET CHANGES NARRATIVE**215 ND University System****Bill#: HB1003****Date:** 12/23/2014**Time:** 12:03:10

on action items from the security assessment. The **\$152,900 base request** includes funding for the purchase of anti-malware software, as requested by the NDUS institution IT security officers, to supplement current anti-malware protection; and security awareness training for faculty, staff, & students. [Malwarebytes \$65,400 (3.27 x 20,000); SANS training \$87,500 (1.75 per 50,000 headcount)]

- **Centralized Document Imaging System (In addition to one-time request in change code AD10)** - A centralized document imaging initiative was introduced by the State Board of Higher Education (SBHE) in 2012 as an approach to maximize information technology efficiencies within the North Dakota University System (NDUS). Currently, there are six (UND, NDSU, MISU, WSC, NDSCS, and BSC) institutions within NDUS using a document imaging system known as ImageNow. These institutions utilize the software for a varying range of applications including student records, admissions, financial aid, invoice processing, contract management, and electronic personnel files. Some use the system purely as an electronic storage device, while others leverage more sophisticated functionality, using workflows to route documents through various work queues to complete their business processes. The **\$915,400 base request** includes funding for the following: Licenses - \$600,000; Equipment - \$50,000; Monitoring software - \$25,000 (3 years); 0.5 FTE Programmer - \$76,000; 1 FTE Trainer - \$164,400.
- **Fully fund ODIN & eliminate fees to NDUS and non-NDUS libraries** - Operating costs are less than half funded at this time, and costs are increasing. Cost sharing of the unfunded portion is done among all ODIN libraries of all types; public, school, state agency and higher education. At the same time, libraries are requiring more resources internally to maintain existing services while meeting new information needs. Libraries are stretched to do the basics and we need to add more capabilities to meet the needs of their users. The **\$2,113,000 base increase** would fully fund the operational costs of ODIN services, and replace approximately \$1,259,000 assessments to NDUS campuses/libraries, and \$854,000 assessments to non-NDUS libraries that participate in ODIN.
- **Eliminate campus assessments for 3 Campus Solutions (CS) staff** – The **\$900,000 base increase** would eliminate campus assessments for CS, which are currently billed to NDUS campuses on an annual basis. The campus assessments cover salaries and fringes of three CS staff (\$814,000), as well as operating costs (\$86,000) for those staff and some for Campus Solutions in general. The rest of Campus Solutions operations is funded by general fund appropriations, student loan trust fund, and the ConnectND fee.
- **Tegrity/lecture capture** - Tegrity is a lecture capture technology that was adopted as part of the SBHE's maximizing results through efficiencies initiative. It is provided as an enterprise service and is partially subsidized by the CTS, with current funds of \$196,000. To fund the entire cost of the service (\$520,000) at the system level, an additional **\$324,000 base increase** is requested.
- **Qualtrics Survey Software** - The following campuses currently pay their share of the NDUS license for Qualtrics Survey Software: BSC, LRSC, MASU, NDSCS, NDSU, UND, VCSU & WSC. A **\$104,000 base increase** would eliminate the campus chargeback for the software used by the eight institutions, and provide the software for the remaining 3 institutions.
- **Grant pre-award/compliance/effort reporting (Electronic grants administration) (In addition to one-time request in change code AD10)** – Federal compliance reporting has increased sharply in the past several years. In particular, the needs for compliance in UAS/UAV are paramount. The campuses have identified the areas of grant pre-award, compliance, and effort reporting as critical. PeopleSoft has functionality for pre-award, however this functionality has not been implemented due to resource constraints. In addition, the NDUS has developed effort reporting within PeopleSoft HRMS, but it is still a very paper-driven, manual process. A third party contractor will be engaged to analyze business processes to determine if PeopleSoft functionality is adequate or if another software package is required. Integration services will be required to deploy the solutions. The majority of the funds for this initiative are “one-time” and included in change code AD10. The **\$20,000 base increase** would be needed for software maintenance agreements.
- **PAR and Starfish/Hobsons (In addition to one-time request in change code AD10)** - Predictive analytics (PAR) is the practice of extracting information from existing data sets in order to determine patterns and predict future outcomes and trends. Predictive analytics does not tell you what will happen in the future. It forecasts what might happen in the future with an acceptable level of reliability, and includes what-if scenarios and risk assessment. Predictive models and analysis are typically used to forecast future probabilities, and the NDUS would use PAR to identify students who are at risk. Starfish and Hobsons are early alert and early warning system to enhance students' success. They would be integrated with PAR, and allows the campus community to identify those students who may need additional academic support and is designed to help improve retention rates through better communication among students, faculty and staff. The **\$1,910,000 base increase** includes \$1,353,100 for PAR membership for all institutions, including PAR benchmarks, predictive models, intervention tools and CTS data services; \$556,900 for Starfish/Hobsons subscription costs.

Change Group: A	Change Type: C	Change No: 11	Priority: 2
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BUDGET CHANGES NARRATIVE**215 ND University System****Bill#: HB1003****Date:** 12/23/2014**Time:** 12:03:10

EPSCoR is requesting a **\$5 million increase** to the \$7.05 million (2013-15) base funding, for a total of \$12,050,000. If the additional \$5 million is received, it is estimated the \$12.05 million in state funding would generate an additional \$30.2 million in non-state funding from the National Science Foundation (NSF) and other federal agencies. The 2015-17 request includes the following increases:

- **\$950,000** increase to reach a 1:1 state match for the main NSF EPSCoR award, of \$8 million.
- **\$3 million** increase to provide enhanced support for 1) seed grants that lead to more wide spread connection of researchers to private sector partners with the intent of moving institutional research into the commercial sector, 2) undergraduate research support to provide funding for students to gain valuable experience within the labs of the State's research faculty and 3) seed grants to interdisciplinary teams for the purpose of developing competitive packages for large, multi-million dollar federal initiatives.
- **\$1,050,000** for new faculty start-up packages to support UND's and NDSU's efforts to attract high quality faculty (the future of the State's research and STEM educational infrastructure) and position them to be competitive in their early years on the tenure-track path. A lack of adequate start-up funding for some STEM positions has resulted in failed searches.

Change Group: A	Change Type: C	Change No: 12	Priority: 3
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Student Mental Health Service Enhancement

The 2013-15 base funding for student mental health totals \$282,520 in the NDUS Office. The 2015-17 requested base increase of **\$77,480** includes the following:

- **\$21,480** After Hours Crisis Intervention;
- **\$12,000** System wide consortium (like the substance abuse prevention consortium) \$1,000 operating per year, \$5,000 training/prevention programs initiatives per year;
- **\$44,000** A Graduate Assistant (20hrs/wk) to work with the NDUS Director of Student Affairs to: 1) Continue to assess mental health needs within the system, 2) Develop strategies to address needs, and 3) Partner with state agencies, including NDUS Academic Affairs, to address lack of North Dakota mental health professionals. \$16,000 salary per year, \$6,000 tuition per year

Change Group: A	Change Type: C	Change No: 13	Priority: 4
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Internal Audit

The 2015-17 budget request includes a total increase of **\$1,822,732** for the following 2 components related to Internal Audit:

- **\$959,068** would increase the current budget from \$1,067,330 to \$2,026,400 for 7 FTE, and eliminate campus assessments totaling approximately \$685,000 for operating and salary expenses for 2 of the current 7 FTE.
- **\$863,664** additional increase - In December 2013, the State Board of Higher Education hired its first Chief Auditor to design and establish a System-wide internal audit function for NDUS. The Chief Auditor is establishing an internal audit function that complies with The International Standards for the Professional Practice of Internal Auditing (Standards) as published by The Institute of Internal Auditors. **Professional Standard 2030 Resource Management** states, "The chief audit executive must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan." **Interpretation:** Appropriate refers to the mix of knowledge, skills, and other competencies needed to perform the plan. Sufficient refers to the quantity of resources needed to accomplish the plan. Resources are effectively deployed when they are used in a way that optimizes the achievement of the approved plan. In order to provide a transition to full staffing for internal audit coverage at all institutions within NDUS, the Chief Auditor has compared existing staffing levels with those of other Systems of Higher Education across the country using information from the Association of College and University Auditors. Staffing levels at reasonably comparable organizations average between 13 and 18 full-time equivalent (FTE) professional audit staff. The Chief Auditor is requesting approval of an increase of **\$863,664** for an additional 3 FTEs and funds to hire consulting expertise, if needed. This request, if approved, would bring staffing levels to a total of 10 FTEs.

Change Group: A	Change Type: C	Change No: 14	Priority: 5
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College-Career Readiness Initiative

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\$627,633 - Development of Resource Centers for College and Career Readiness at the NDUS's Five Community Colleges—with faculty development to enable each of the 5 community colleges to adopt and competently use Pearson platform (My Foundations Labs in Math and English plus elements that enable interventions for students not progressing at expected rates) to serve students who leave high school, or who arrive as adults with needs for remedial instruction in Math and English; includes professional development in the adoption of best practices in remediation of first-time, full-time college freshmen and adults. Centers may include GED and ABE assistance, testing, etc. May be locales and/or brokers into CTE and TrainND.

- 4 Faculty per 5 campuses = 20 faculty who would dedicate 3 weeks (over one academic year and summer) in professional development in use of Pearson (My Foundations Labs) and best practices in remedial education @ average of \$70K salaries per faculty on 9.5/12 month basis = \$5,526.32 per faculty x 20 = **\$110,528**.
- 1 part-time director at each Resource Center @ \$88,421 FTE for 12-month = \$44,210.50 x 5 x 2 academic years and 1 summer = **\$ 442,105**
- 4 Faculty per 5 campuses – 20 faculty who would be available to the CDE, REA's, and individual high schools/districts to assist Grade 12 teachers, on a solicited basis, all at the cost of the districts on a reimbursement basis to those 5 community colleges that released those faculty or directly to the faculty on a contracted basis, with all travel expenses paid by CDE, REA's, and individual high schools/districts= **\$0 to NDUS or the 5 community colleges**.
- Contracting with Pearson and/or other experts in remediation to provide professional development to faculty at each of the five community colleges in order to adopt/adapt Pearson and best practices in remedial instruction over a one academic year and summer = 3 visits x 5 campuses @ \$ 5,000 (consultants, materials, transportation,) per visit = \$ 15,000 x 5 = **\$ 75,000**.

\$118,307 - Development and provision of summer conference in August of 2014 for planning (from current budgets), in August of 2015 for planning and training of all partners (teacher education faculty/deans and teacher education candidates, school superintendents/principals and selected Grade 12 teachers as well as selected "seasoned" teachers in competency/proficiency-based instruction, our faculty who teach remediation in Math and English at our 5 community colleges, representatives from CDE, REAs, DPI, etc) who will be developing remedial Grade 12 instruction and delivery materials and adopting strategies and scheduling Grade 12 teachers for implementation of the program in the Fall of 2016), and August of 2016 for launching the full-borne training and collaboration of the program that will be implemented in Fall of 2016 and revisited/enhanced for the same in August of 2017). Expenses only reflect those costs to NDUS—not those that will need to be carried by CTE, REAs, DPI, and the individual schools/districts:

- Conference coordinator (prior planning, contracting experts, registering participants, logistics management, travel and stipend/salary: 4 weeks planning/closure and 1 week at each location x 5 locations @ FTE \$80,000 annual = 9 weeks @ \$80,000 FTE annual plus 25% benefits = \$13,846 + \$3,461 = **\$ 17,307**.
- Travel for 20 people to 1 location each @ 400 miles round trip @ \$.50 per mile (\$ 200 x 20 = \$ 4,000) + lodging/per diem x 4 days @ \$125 per day x 20 (\$ 500 x 20 = \$10,000) x 2 (Aug. 2015, Aug 2016) **\$28,000**
- Travel for 10 people to 5 locations each @ 400 miles round trip @ \$.50 per mile (\$ 200 x 10 x 5= \$10,000) + lodging pre diem x 4 days @ \$125 per day x 10 (\$ 500 x 10 x 5= \$ 25,000) x 2 (Aug. 2015, Aug 2016) **\$70,000**
- 5 locations/ rental (\$100 per day x 3 days x 5 = \$1500) x 2 (Aug 2015, Aug 2016) **\$3,000**

\$6,900 - Coordination of planning for implementation of the model and working with conference coordinator and all partners between Jan. and August of 2014, with visits to each of the 5 community colleges, colleges of teacher education within NDUS, larger school districts, CDE, REAs, DPI, NDUS, etc. Salary and benefits absorbed by NDUS System staff within Academic and Student Affairs; travel at approximately \$5,500 for in-state travel for two years, plus one out-of-state travel to consult one-on-one meeting/conference re: best practices in remedial instruction @ \$1400 (includes per diem and travel and lodging and any consultation or conference fee)

Total request = \$752,840

Change Group: A	Change Type: C	Change No: 15	Priority: 6
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Diversity Education and Awareness

BUDGET CHANGES NARRATIVE**215 ND University System****Bill#: HB1003****Date:** 12/23/2014**Time:** 12:03:10

The exhibition **RACE: Are we so different?** brings together the everyday experience of living with race, its history as an idea, the role of science in that history, and the findings of contemporary science that are challenging its foundations. Interactive exhibit components, historical artifacts, iconic objects, compelling photographs, multimedia presentations, and attractive graphic displays offer visitors to **RACE** an eye-opening look at its important subject matter. Developed by the American Anthropological Association in collaboration with the Science Museum of Minnesota, **RACE** is the first nationally traveling exhibition to tell the stories of race from the biological, cultural, and historical points of view. Combining these perspectives offers an unprecedented look at race and racism in the United States. A key message that came out of the "Creating an Atmosphere of Respect" summit on May 19, 2014, was the North Dakota University System's commitment to education about diversity. If the **\$100,000** funding is received, the NDUS would make arrangements to have the RACE Exhibit make a tour of the state and be on each of the campuses during the nine months of the school year. In addition, the NDUS would work with the communities and the K-12 schools to make the exhibit a real learning experience for everyone.

Change Group: A	Change Type: D	Change No: 1	Priority: 1
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Campus Security One-time

A one-time increase of **\$60,775** is requested for system-wide software for implementation of emergency management plans that are required per SBHE Policy 906 (Emergency Preparedness and Management; Continuity of Operations; Security).

Change Group: A	Change Type: D	Change No: 6	Priority: 5
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Deferred Maintenance Pool

According to the Paulien & Associates report, and based on the findings by VFA Inc., the NDUS has an estimated \$800 million in deferred maintenance. Because of the relative age of the NDUS buildings and condition, increasing the Extraordinary Repair base funding to 100% of the OMB formula of \$88M/biennium would allow for continued degradation, resulting in a \$1,500M backlog by 2020. They suggest increasing the Extraordinary Repair base funding from \$11.2M to \$266M to maintain the current condition of NDUS at an FCI of 31% (See page 46 of the Paulien and Associates NDUS System Wide Master Plan). To realize substantial progress on deferred maintenance liabilities, and avoid critical failures of facility systems, institutions must be able to address the backlog with one-time funding investments coupled with realistic base funding. The **\$20 million one-time** funding request for a system deferred maintenance pool comes with the following stipulations:

- Completion of a comprehensive deferred maintenance inspection and estimate (included in the \$750,000 budget request per change code **AD11**) of all general fund supported facilities similar to that undertaken by VFA Inc. in the Paulien & Associates Master Plan. (See page 122 of the report for a sample of the proposed inspection and estimate information, which can be updated with expenditures to re-calculate the deferred maintenance values).
- No less than 80% of the total project cost must be attributable to the resolution of deferred maintenance.
- Clear demonstration of corresponding reduction in deferred maintenance.
- Projects require prior approval by Chancellor.

Change Group: A	Change Type: D	Change No: 10	Priority: 2
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Core Technology Services One Time Requests

Core Technology Services (CTS) is requesting one-time increases, totaling **\$4,076,500**, for the following::

- **Expanded IT Security (In addition to base request in change code AC10)** - The **\$1,350,000 one-time request** includes funding for additional security assessment(s) if warranted, security software and/or hardware - \$600,000 and intrusion detection appliances \$750,000.
- **Centralized Document Imaging System (In addition to base request in change code AC10)** - The **\$270,000 one-time request** includes funding for Migration and Consulting fees.
- **Grant pre-award/compliance/effort reporting (In addition to base request in change code AC10)** - The **\$1,055,000 one-time request** includes funding for business process analysis (\$55,000), software (\$100,000) and integration services to deploy the solutions (\$900,000).
- **PAR and Starfish/Hobsons (In addition to base request in change code AC10)** - The **\$181,500 one-time request** includes \$115,500 for student success inventory, conducted individually at each campus, and \$56,000 for consulting and travel.

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- **Identity Management System** – The **\$1,020,000 one-time increase** would be used to implement an identity management system to improve security of IT systems and facilitate better usability by CTS and campus IT systems, including Software Licenses - \$20,000; Implementation Consulting - \$1,000,000.
- **Dashboard Tools** – A **\$200,000 one-time increase** is requested for licensing and implementation costs to provide a System-wide tool to provide dashboards to executives and other managers.

Change Group: A	Change Type: D	Change No: 11	Priority: 4
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Deferred Maint, Space Utilization and Space Inventory Eval

The one-time funding of \$750,000 would be utilized for consulting/professional planning services for the continuation of the deferred maintenance, space utilization and space inventory evaluation initiated in 2013-15, and would include the following scope of work:

1. Evaluation for the purpose of determining the amount of deferred maintenance within the remaining 75% of NDUS institution facilities supported by appropriated funding.
2. Evaluation of NDUS institution facilities supported by appropriated funding for the purpose of documenting the amount and function of existing space within each building.
3. Assistance with, and development of, a data base source for determination of space utilization rates within the NDUS facilities supported by appropriated funding. Space utilization rate studies will be limited to classroom and lab areas, but will include benchmark information on appropriate space needs based on the functional mission of each institution

Change Group: A	Change Type: D	Change No: 12	Priority: 6
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Open Educational Resources Initiative

Textbook costs create a financial burden on college students that can impact their academic success and their financial health. North Dakota University System students each pay an estimated average of \$1,100 per year for academic course textbooks. Open textbooks and other open educational resources can help alleviate the burden of textbook costs and reduce the cost of attendance. Open textbooks are complete, real textbooks that are licensed to be freely used, edited, and distributed. Open educational resources include peer-reviewed videos, simulations, lesson plans, and many other openly licensed materials. By replacing traditional textbooks with open textbooks and open educational resources, the cost of attendance will be reduced without impacting the budget of the college or university. And faculty will have the opportunity to adopt open textbooks and educational materials that they can edit to best meet the needs of their students.

One-time funding of **\$500,000** is requested to implement a system-wide Open Educational Resources initiative throughout North Dakota University System in three phases:

- **Phase 1-\$200,000** - Partner with the University of Minnesota using its existing Open Textbook program and build on proven success to expand to other Open Educational Resources opportunities that would benefit our students and faculty. Phase I will introduce open textbooks to faculty with support, training, and incentives.
- **Phase 2-\$20,000** - Train a trainer at each campus so that the campuses begin taking ownership to reduce textbook costs for students. NDUS will also host a Technology and Open Educational Resources Summit.
- **Phase 3-\$280,000** - North Dakota Open Educational Resources Ideation Grant. Campuses are challenged to design and implement their own campus-wide open educational resources initiative. Funded proposals will include support and collaboration from campus administrators, faculty, technologists, and others on campus. Proposals can include a variety of peer-reviewed open educational materials such as open and/or digital textbooks, videos, simulations, and other resources that replace traditional textbooks and reduce cost of attendance for students. Campus proposals will be funded based on actual dollars saved in student textbook costs.

Change Group: A	Change Type: D	Change No: 100	Priority: 3
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BUDGET CHANGES NARRATIVE**215 ND University System****Bill#: HB1003****Date:** 12/23/2014**Time:** 12:03:10**Compensation Pool**

A one-time compensation pool is requested, totaling \$12.62 million, to address challenges related to high employee turnover and competing with higher wages/costs in oil patch region. The eligible institutions and anticipated distribution by institution are as follows:

- BSC - \$820,000
- WSC - \$4.1 million
- DSU - \$4.4 million
- MiSU - \$1.3 million
- DCB - \$2.0 million
- Total - \$12.62 million

The campuses have provided the following information, regarding anticipated uses of the one-time funds.

BSC - \$820,000**A. Recruitment One-Time Sign On Bonus - \$250,000**

In 2013, BSC began using one time \$500 sign-on bonuses for hard to fill, low applicant number and reopened positions. The number of qualified applicants and number of applications received has significantly declined. Currently, in order to fill most of our job openings we have increased the number of positions we designate for one-time sign on bonuses (FT positions). To increase BSC's quality of applicants and the number of applicants, we need to increase the dollar amount for the sign-on bonus.

- Estimate 50 position openings during the biennium eligible for sign-on bonus
- \$2,000 to \$5,000 (criteria for select positions will be developed)

Support for request

Bismarck State College continues to have a very difficult time filling positions. As you can see from January 2013 to present, we've had increased challenges in filling faculty and staff positions.

Job Opening History:

- 2011 – 50
- 2012 – 60
- 2013 – 107 – 78.3% increase in job openings from 2012 to 2013

Hard to fill-Faculty position openings in calendar year 2013:

- 33 total faculty position openings in 2013
- 9 were reopened, not filled or remain open = 27.3% of the total openings
- 25 position openings of the total 33 had 5 or less applicants = 75.8% of the total openings

Hard to fill-Faculty position openings in calendar year 2014 (January 2014 to present):

- 15 total faculty position openings

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- 3 remain open = 20% of the total openings
- 6 position openings of the total 15 had 5 or less applicants = 40% of the total openings
- Hard to fill program areas in 2013 and 2014 – energy, agriculture, sciences, nursing

Hard to fill-Staff position openings in calendar year 2013:

- 74 total staff position openings
- 17 were reopened, not filled or remain open = 23% of the total openings
- 21 position openings of the total 74 had 5 or less applicants = 28.4% of the total openings

Hard to fill-Staff position openings in calendar year 2014 (January 2014 to present):

- 58 total staff position openings
- 19 were reopened, not filled or remain open = 32.8% of the total openings
- 27 position openings of the total 58 had 5 or less applicants = 46.5% of the total openings

Advertising Costs and Cost to Recruit, Hire and Train: BSC's advertising costs have increased by 19.83% from 2012-2013 to 2013-2014, and they are continuing to rise. The average cost to recruit, hire and train an employee is \$14,000 to \$18,000. Based on the number of FT position openings we had in 2013 (66), the median cost (\$16,000) for recruitment, hiring and training for BSC equals $66 \times \$16,000 = \$1,056,000$. January 1, 2014 to present we've had 60 FT positions openings, $60 \times \$16,000 = \$960,000$. These are a low estimates—it does not factor the number of reopened positions and part-time openings.

B. Retention One-Time Bonus - \$550,000

From January 1, 2013 to present, BSC approved 24 salary adjustments (6-faculty and 18-staff) for retention/equity totaling \$73,855. These were very significant retention/equity issues. This further shows BSC's need to remain competitive and retain our employees. Increasing sign-on bonus dollars, will impact retention. Faculty turnover is higher in industry programs (energy, lineworker, agriculture, animal science, etc.) and sciences (chemistry, petroleum, nursing, etc.). Turnover is higher in a number of staff categories (Crafts & Trades, Office Support, Technical/Paraprofessional and Professional).

- Estimate 50 faculty positions over two years = $50 \times \$5,000$ one-time retention bonus = **\$250,000**
- Estimate 60 select staff positions over two years = $60 \times \$5,000$ one-time retention bonus = **\$300,000**

Support for request

Turnover rates have significantly increased. Last year, salary adjustments for retention/equity were made in targeted areas. The turnover rates continue to rise.

	2013	2012	2011
Turnover - All Employees	9.91%	6.71%	6.12%
Turnover – Faculty	4.00%	2.44%	3.25%

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Turnover – Staff	13.46%	9.27%	7.84%
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Turnover – Staff Category Breakdown

	2013	2012	2011
Administration	6.67%	6.45%	13.79%
Professional	19.12%	7.14%	9.23%
Technical/Paraprofessional	14.29%	3.85%	10.71%
Office	11.90%	15.00%	4.88%
Crafts & Trades	18.18%	18.18%	9.09%
Service	6.90%	11.11%	3.70%

Bureau of Labor Statistics (BLS) turnover rate (total separation) for Government-State and Local December 2013 is 1.3% and was 1.3% in December 2012.

FACULTY

2013 Hard to Fill Faculty Program Areas:

<u># Positions</u>	<u>Program</u>
23	Energy Industry Faculty (includes petroleum production/process technology)
6	Agriculture, Technology & Natural Resources
4	Sciences (Chemistry)

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4 Nursing**37** Total Faculty Positions

Implementing retention bonuses will also create retention issues with faculty positions in more areas than the hard to fill programs. This will create a higher need for additional one-time retention bonuses. Retention bonuses also create retention issues with additional faculty positions in the same discipline, with more years of experience, with higher level of education, etc.

STAFF2013 High Turnover Staff Categories

Professional	19.12%	75 employees
Office	14.29%	40 employees
Technical/Paraprofessional	11.90%	27 employees
Crafts & Trades	18.18%	13 employees
Service	6.90%	31 employees
Total Employees		186 employees

The prediction for retention issues in the staff area is difficult. In 2013, BSC had 107 job openings, 74 were staff positions. The high staff turnover rates and the number of job openings indicate the competitive hiring market and the challenging retention situation. Estimating 1/3 of the 186 staff employees in high turnover categories could receive retention bonuses. Implementing retention bonuses will also create retention issues with staff positions in other categories. This will create a higher need for additional one-time retention bonuses.

C. Increase Moving Expenses - \$20,000

BSC's practice has been to allow up to \$700 for moving expenses outside of a 45 mile radius (with receipts). SBHE Moving Expenses Policy allows up to \$5,000 for moving expenses. To be more competitive with recruitment, BSC needs to increase moving expenses. Increasing moving expenses will have a positive effect on our recruitment efforts.

- Estimate 4 out-of-state x \$3,000 = \$12,000
- Estimate 8 in-state x \$1,000 = \$8,000

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Support for request

- From January 1, 2013 through October 7, 2014, 64 news employees were hired. Out of these 64, 14 moved to Bismarck and were eligible for moving expenses.
- Eleven of the 14 eligible for moving expenses requested reimbursement: 4 were out of state and 7 were in state.
- From January 1, 2013 through October 7, 2014, 137 of our applicants live in more than a 45 mile radius of the Bismarck/Mandan area increasing the potential for moving expenses.

As shown above, there is also strong potential for increased eligibility for moving expenses.

WSC - \$4.1 million

Although WSC's preference is to obtain base funding for permanent salary increases, **the requested \$4.1 million one-time funds would be used for salary retention payments**, and would be given at varying times over the course of the biennium. Payments would be based on addressing variances between current salaries paid at WSC, compared to competitive market rates in the area. Following is a summary of current variances (detailed variances, by position, are also available):

- Administration (Including Provost, CIO, Directors of SBDC, HR, Campus Services, Student Services, Athletics and Marketing, Registrar and TrainND CEO) - **\$287,000 difference in annual salary or \$574,000 biennial difference;**
- Instruction (Including Faculty, Adjunct Faculty, Instruction Leadership and Support Staff) - **\$890,000 difference in annual salary or \$1,780,000 biennial difference;**
- Student Services - **\$200,000 difference in annual salary or \$400,000 biennial difference;**
- Finance/Business Office (Including Finance Office, Campus Services/Security and IT) - **\$430,000 difference in annual salary or \$860,000 biennial difference;**
- President's Office and Athletics (Including Research Assistant, President's Assistant, Graphic Artist and Athletics) - **\$254,000 difference in annual salary or \$508,000 biennial difference.**

WSC has experienced increasing turnover rates, as well as difficulty in filling positions. Challenges in filling positions include dealing with a decline in the number of qualified applicants, applicants accepting other job offers for a higher salary, applicants negotiating for higher salary at the time of hire and failed searches. Employee turnover is costly in terms of lost productivity and out of pocket costs, including recruiting, hiring and training new employees. The campus continues to incur thousands of dollars in estimated turnover costs. Highest wages in the state combined with the lowest unemployment in the state over a four-year period has resulted in an all-time high employee turnover rate at WSC of 38.9% for FY14. This is continuing into FY15, evidenced by a 14% turnover rate in the first month of the new fiscal year. The latest published Bureau of Labor Statistics (BLS), September 2013, reports that Williams County had the highest average weekly wage in North Dakota, of \$1,493, or an average annual wage of \$77,636. Additionally, the counties surrounding Williams have the highest wages in the state, compounding employer competition for employees. Not only is WSC competing with higher wages given by oil companies, but also with other local businesses who have been able to adjust their salary scales more aggressively than WSC has been able to do. WSC also experiences the challenges of the high cost (and availability) of apartments.

DSU - \$4.4 million**♦ 10% Salary Increase, July 1, 2015 - \$2.8 million**

DSU is requesting funding to provide a 10% salary increase effective July 1, 2015 that would be in addition to the amount funded through the regular appropriation process. The additional 10% would be effective for the two years ending 6-30-2017 and would be calculated on the employee's 2014-2015 base salary. The \$2.8 million includes increases for employees supported by appropriated funds only. [Note – Although not included in the requested salary pool, an additional increase of \$289,800 would be needed to provide the same 10% increase to employees funded with auxiliary and other local funds. DSU will be challenged to provide those increases from auxiliary and other local funds for the following reasons: First, it would be difficult to raise the auxiliary rates (residence hall, dining services, etc.) quickly enough to cover

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the additional costs of the 10% increase in salary. Additionally, raising the rates for a two year period of time and then lowering them again once the one-time salary increase expired, would be confusing for parents and students and very difficult to explain and administer.] The data supporting this request are as follows

- According to Job Service North Dakota, the average wage in Stark County is \$67,132 compared to the North Dakota average of \$50,960 or 31% higher than the state average
- The unemployment rate in Stark County is 1.4%. Attracting potential staff employees is very difficult unless salaries and benefits are competitive with the region's employers. Current funding is not adequate to attract faculty and specialized staff from other regions when they learn about the cost of living in the Dickinson area.
- A recent study by the Western North Dakota Energy Project indicates that "crowding out" is occurring within Dickinson as the number of jobs related specifically to the oil industry continues to increase. 35.5% of the jobs in the Dickinson region are now oilfield related. In 2008, only 10% of the jobs in the region were oil field related. The percentage related to oil field is projected to continue to increase rapidly and peak in 2025.
- The average cost to rent a two bedroom apartment in Dickinson ranges from \$1750-\$3400 per month. At \$3,400 per month, an employee would need to earn a gross salary of \$26.16/hr. or \$54,412 per year just to pay rent with nothing left over for other expenses.
- As recently reported in a national study, Dickinson has the 4th highest apartment rental rates in the United States

♦ Retention Bonuses - \$1.6 million

On June 30, 2016, full-time benefited staff employees would receive a \$2,500 retention bonus if they were employed at DSU continually from 7-1-2015, and faculty continually employed from the start of the academic year (mid-August) would also receive the \$2,500 retention bonus. Part-time benefited employees would receive a pro rata share based upon the percentage of time worked (ex. 50% FTE would receive \$1,250). On June 30, 2017, full-time benefited staff employees would receive a \$5,000 retention bonus if they were employed at DSU continually from 7-1-2015, and faculty continually employed from the start of the academic year (mid-August 2015) would also receive the \$5,000 retention bonus. Full-time benefited employees would receive a \$2,500 retention bonus if continually employed from 7-1-2016, and faculty continually employed from the start of the academic year (mid-August 2016) would also receive the \$2,500 retention bonus. Part-time benefited employees continually employed from 7-1-2015 would receive a pro rata share based upon the percentage of time worked (ex. 50% FTE would receive \$2,500). Part-time benefited employees continually employed from 7-1-2016 would receive a pro rata share of a \$2,500 retention bonus.

The \$1.6 million includes increases for employees supported by appropriated funds only. [Note – Although not included in the requested salary pool, an additional increase of \$168,300 would be needed to provide the same retention bonuses to employees funded with auxiliary and other local funds.]

Data supporting this request is as follows:

- Currently, there are 1,895 job openings in Stark County. Competition for employees is extreme and turnover is rampant as employees leave positions for better opportunities. DSU has experienced 61% turnover since 2012 (18.43% in FY 12, 19.57% in FY 13, and 24.23% in FY 14). With so many new employees and such a high turnover rate, DSU is in a constant recruitment and training mode, making is extremely difficult to gain any momentum and move the campus forward in a positive way. The trend is getting worse despite all our efforts to provide additional pay and incentives. Recent examples of failed searches include a search for a heat plant operator, an assistant professor of Education, and the Director of Communications. The heating plant position was first advertised at \$35,000 with no qualified applications received. The position was re-advertised at \$37,000-\$38,000 with 1 applicant. Teacher Education attempted to hire an assistant professor of Education, the person offered the position declined due to the excessive cost of rent in Dickinson and no other viable candidates were in the pool of applicants. A new search will have to be conducted and the courses will be taught with adjuncts until filled with a permanent tenure track faculty. The Director of communications position was vacant for one full year after several failed searches before the position was ultimately filled. We run a perpetual ad for custodians with Job Service ND due to constant turnover, largely with few applicants to choose from. These are just a few examples of what occurs across campus on a continuous basis. Our Human Resource Office is under-staffed and over-worked due to the excessive number of job searches and the turnover it has experienced internally.

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- Employee turnover is not only costly in terms of lost productivity, however also results in significant out of pocket costs. During fiscal years 2013 and 2014, DSU expended approximately \$227,000 in advertising costs, staff time for developing and placing of ads, paying for criminal history background checks, staff time for preparing separation papers, orientation of new employees, and overtime paid to existing employees backfilling the duties created by vacancies.

MiSU - \$1.3 million

The initial \$1.3 million base salary request was to bring 188 positions that are below 99.1% of their market rate to 99.1%, which is the current overall average of all MiSU positions funded in part or in whole by appropriated funds. If \$1.3 million one-time funding is received, MiSU would provide one-time salary increases, based on employees furthest from market/target salaries and employees in mission critical positions, etc. MiSU would not use any of the money for rent subsidies or retention/recruiting bonuses. Since 2006 MiSU has taken a proactive stance to systematically improve faculty salaries to become and remain competitive in the market. In addition, MiSU has been specifically addressing custodial salaries with median salary increases of over 8% (FY13) and over 9% (FY14) to custodians. From 2010 to 2012, they struggled to fill custodial positions and never met 100% staffing. After the FY13/14 increases, they have lost and replaced only one non-athletics custodian in FY14. It has become apparent that the additional funds used for faculty and custodial increases were used at the expense of other groups of employees.

MiSU's overall turnover rates for FY14 were 12.4% for faculty and 14.2% for staff. Overall, they do not believe they have a major turnover problem; however, they do have some localized areas where hiring replacements has become a challenge due to the increased cost of living in the Minot area.

DCB - \$2 million

Dakota College's current salaries range from 66% to 93% of market rates, based on Job Service data. Overall, they are at 76% of market. The initial \$2 million base salary request was to bring faculty and staff to 95% of the market rate. If \$2 million one-time funding is received, DCB would provide one-time retention bonuses to faculty and staff, based on a formula that will be developed to award the bonuses based on length of service and current salaries. Priority would be given to those furthest away from market. We would be certain to let them know in explicit terms that the retention bonuses are one time funding and that the amounts cannot be added to base salaries. For many years, what had typically been done with new hires was to bring them in at a salary that was below the salary of the faculty or staff who had resigned. This was done to realize salary savings that could be used to create efficiencies to support other campus needs, and the new hires were usually less experienced, thus it made sense to start them at a lower salary than the incumbent was receiving. This scenario has changed significantly. Now they are having to start many new employees at salaries that match or are slightly higher than the salaries of the people they are replacing. In one particularly dramatic example, three people who were very interested in a position at the college could not sign a contract because they were earning **at least** double what DCB was offering. All three were employed at North Dakota high schools.

Change Group: A	Change Type: E	Change No: 2	Priority:
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Remove Capital Projects Contingency Pool

To remove \$5,483,413 (\$3,138,331 from campuses and **\$2,345,082 from NDUS Office**) for the capital projects contingency pool per SB2003-Section 2. SB2003-Section 24 provided the following legislative intent: "The capital projects contingency pool line item contained in subdivision 1 of section 1 of this Act includes funding that may be transferred to institutions for capital projects as provided under this section. The state board of higher education may transfer funds from the capital projects contingency pool to an institution if the lowest acceptable bid received for a capital project exceeds the legislative appropriation provided for this project. The board shall provide a prorated amount to institutions from the pool if the amount of funding required for eligible projects exceeds available funding. An institution may only receive funding from the pool for capital projects that receive a general fund appropriation and are authorized under this Act. For purposes of this section, the "legislative appropriation provided for a project" does not include funds appropriated from private donations and other local funds to enhance a project. During the 2013-14 interim, the state board of higher education shall provide periodic reports to the budget section regarding funds distributed from the capital projects contingency pool."

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The pool funding is the result of a legislatively imposed five percent reduction (except at SMHS where Phase I was reduced by 2.5%) to each approved 13-15 state funded capital project. Ninety-five percent of the project was funded in each individual campus capital asset line item, with the remaining five percent pooled for SBHE allocation. The intent was to encourage a diligent effort in developing, reviewing and awarding capital projects to meet necessary programmatic needs while limiting total cost, to the greatest extent possible. After pooling the five percent, the legislature then reduced the total amount of the pool by \$1 million. Due to the \$1 million reduction, the amount in the pool is closer to 4.45% (2.17% SMHS) on a project-by-project basis.

The best case scenario would be for the SBHE to have all projects (design and related firm costs) in hand at the same time in order to fairly evaluate and distribute these pooled funds. However, that is not feasible. Smaller, less complex projects will move ahead more quickly than will some of the more complex projects. Holding up all projects for the last one is not reasonable as it will slow progress and may result in increased costs. Thus, each project will need to be considered on a case-by-case basis as ready.

The SBHE approved the 13-15 capital projects contingency pool guidelines as follows:

- All projects must be designed and bid based on the reduced project amount (original project amount less 4.45%/2.17%).
- For fiscal year 2014, campuses (excluding the SMHS) may request an allocation from the capital projects contingency pool, up to a maximum of 4.45% of the legislative appropriation for that project, if the lowest acceptable bid (or CM maximum price) exceeds the legislative appropriation provided for the project. The SMHS may submit a request for an allocation from the capital projects contingency pool, up to a maximum of 2.17% of the legislative appropriation for that project, if the lowest acceptable bid (or CM maximum price) exceeds the legislative appropriation provided for the project.
- The NDUS Office will consider and review each individual project request as submitted, with the Chancellor making an allocation recommendation of between 0-4.45percent (2.17% at SOMHS) to the SBHE, who has the final allocation authority.
- At the end of fiscal year 2014, the allocation criteria will be re-evaluated based on remaining funds, and adjustments to the guidelines may be made, as necessary.

Amounts that have been allocated to the campuses through 6-30-14, totaling \$3,138,331, are being removed by the following campuses: (BSC-\$560,626; LRSC-\$251,433; WSC-\$607,551; NDSU-\$1,247,709; NDSCS-\$358,778; MaSU-\$95,559 and DCB-\$16,675).

The unallocated balance as of 6-30-14, totaling \$2,345,082, is being removed by the NDUS Office.

Change Group: A	Change Type: E	Change No: 4	Priority:
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Remove Other One Time Funding

To remove 2013-15 one-time funding, totaling **\$35 million**, for the following:

- \$1 million - Master plan/Space utilization study
- \$29 million – Education Challenge Fund
- \$5 million – Performance Fund

Change Group: A	Change Type: E	Change No: 6	Priority:
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Remove 2011-13 Carryover

To remove 2011-13 general fund carryover, totaling **\$6,161,576**, for the following:

- State grant program \$1,148,621

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- Scholars program \$226,840
- Indian Scholarship program \$18,084
- SITS \$159,559
- Education Incentive program \$18,055
- PSEP program \$186,533
- Academic and Tech Ed Scholarships \$4,158,262
- NDUS Office operating \$212,351
- Two-year campus marketing \$33,271

Change Group: A	Change Type: F	Change No: 1	Priority:
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Remove Funding Cap Bond Pmts

To remove 2013-15 appropriation authority of **\$10,436,045** for bond payments for state general fund obligation bonds issued through the Industrial Commission. The 2015-17 requested total is included in change code AA10.

Change Group: R	Change Type: A	Change No: 1	Priority:
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Inflationary Adjustment

Provides an inflationary adjustment to cover the following cost increases:

- Costs to continue FY15 3% salary increases
- 2015-17 annual salary increases of 4% FY16 and 4% FY17
- Health insurance premiums @ \$1,161.59 per month
- 1% Retirement contribution increase on 1/1/2016

Change Group: R	Change Type: A	Change No: 2	Priority:
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Internal Audit Department

Provides full funding for the existing department, thereby eliminating the need for campus assessments. The state's share of campus assessments have been removed from institutional base budgets.

Includes \$200,000 for a biennial contracted IT security audit through the State Auditor's Office.

Enhances the Internal Audit function with the addition of 3.00 FTE and related expenses.

Change Group: R	Change Type: A	Change No: 3	Priority:
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EPSCoR

Provides \$950,000 to increase base EPSCoR match funding to \$8.00 million.

Change Group: R	Change Type: A	Change No: 4	Priority:
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Student Mental Health Services

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Provides \$33,480 for after-hours crisis intervention services and systemwide administration.

Change Group: R	Change Type: A	Change No: 5	Priority:
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Space Utilization Study / Master Plan Completion

Provides \$750,000 base funding to complete the 2013-15 space utilization study and allow for regular updating of the systemwide master plans.

Change Group: R	Change Type: A	Change No: 6	Priority:
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Tribal Community College Grants

Provides \$500,000 to increase the tribal community college grants for non-beneficiary student to \$1.5 million.

Change Group: R	Change Type: A	Change No: 7	Priority:
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IT Security and Technology Initiatives Base

Provides ongoing funding for the following security and IT initiatives:

- Expanded IT Security - \$152,900
- Centralized document imaging - \$915,400 (also eliminated \$366,825 in campus level assessments/costs)
- PAR and Starfish/Hobsons - \$1,910,000 (also eliminated \$224,500 in campus level assessments/costs)

Change Group: R	Change Type: B	Change No: 2	Priority:
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Challenge Grant

Provides \$29.0 million matching funds for the Challenge Grant program.

Change Group: R	Change Type: B	Change No: 3	Priority:
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Open Educational Resources

Provides \$220,000 for phases 1 and 2 of the Open Education Resources Initiative. Phase I will introduce open textbooks to faculty with support, training, and incentives. Phase 2 will train campus-level individuals and sponsor a Technology and Open Educational Resources Summit.

Change Group: R	Change Type: B	Change No: 4	Priority:
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Deferred Maintenance Pool

Establishes a \$5.0 million deferred maintenance pool for distribution to campuses based upon deferred maintenance needs and or provide funds for emergency situations.

Change Group: R	Change Type: B	Change No: 5	Priority:
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IT Security and Technology Initiatives One-Time

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Provides one-time funds for the following security and IT initiatives:

- Expanded IT Security - \$1.35 million
- Centralized document imaging - \$270,000
- PAR and Starfish/Hobsons - \$181,500
- Identity Management System - \$1.02 million